



**FILED**  
10-28-16  
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# APPENDIX A

## **SETTLEMENT AGREEMENT**

To avoid the costs and risks of further litigation and to expeditiously resolve this matter, the Consumer Protection and Enforcement Division of the California Public Utilities Commission ("CPED"), and SP Licenses, Inc. ("SP Licenses" or the "Applicant") and its predecessors, successors, affiliates, and assigns (collectively the "Parties"), hereby agree upon the following terms for the settlement of CPED's Protest of SP Licenses' Application for a Certificate of Public Convenience and Necessity ("CPCN") to operate as a switchless reseller that will provide statewide voice and data telecommunications service in the State of California ("Application").

### **I. JOINT FACTUAL STATEMENT**

1. The following joint factual statement is taken from SP Licenses' Application and documents obtained in CPED staff's investigation. SP Licenses is a California Company with its principal place of business in Newport Beach, California. In its Application, SP Licenses seeks Commission authority to operate as a switchless reseller, providing voice and data telecommunications statewide in California. SP Licenses applied for Commission authority via the simplified application process pursuant to Public Utilities Code § 1013.

2. On June 7, 2016, SP Licenses filed A.16-06-005, seeking Commission authority to operate in California. CPED protested on July 11, 2016.

3. CPED's protest alleges that SP Licenses violated Rule 1.1 of the Commission's Rules of Practice and Procedure in its Application. Under Rule 1.1, any person who transacts business with the Commission agrees to not "mislead the Commission or its staff by an artifice

or false statement of fact or law.” CPED alleges that SP Licenses did not disclose in its application that the Federal Communication Commission (“FCC”) cited Jamie Christiano of NetDot Solutions (“NetDot”), pursuant to section 503(b)(5) of the Communications Act of 1934, as amended, 47 U.S.C. § 503(b)(5), for violations of the Act and the FCC’s rules that govern telephone solicitations and unsolicited advertisements. Jamie Christiano is the President and 60% shareholder of SP Licenses. The FCC issued citation No. EB-07-TC-12635 against NetDot on July 16, 2007 (the “FCC Citation”), because NetDot allegedly delivered autodialed, prerecorded, or artificial voice messages to an emergency telephone line, a telephone line of a guest or patient room at a health care facility, or a telephone number assigned to a paging service, cellular telephone service or any service for which the called party is charged for the call, in violation of section 227(b)(1)(A) of the Act and section 64.1200(a)(1) of the FCC’s rules.

4. SP Licenses states that NetDot did not initiate the telephone calls addressed in the FCC Citation. Rather, SP Licenses states that NetDot acted as a wholesale provider of long-distance service for its clients, and if any such violation occurred, it was committed by NetDot’s customer, not NetDot. SP Licensees further states that it was unaware of the existence of the FCC citation until it was discovered in this proceeding; and upon research and inquiry of the FCC, the FCC Citation was purged from the FCC’s records, including any rescission or no further action letter issued in connection therewith. SP Licenses provided evidence to CPED that shows that two other similar citations issued by the FCC, FCC File Nos. EB-07-TC-1046 and EB-07-TC-1158 respectively, were rescinded by the FCC; therefore, SP Licenses does not admit any liability in this Docket.

## **II. AGREEMENT**

5. Acknowledgements. SP Licenses acknowledges that Rule 1.1 requires applicants to provide true and accurate information in documents filed at the Commission and that the Application requires SP Licenses to disclose whether the Applicant has been found to have "violated any statute, law, or rule pertaining to public utilities or other regulated industries." However, SP Licenses did not disclose the existence of the FCC Citation, because it had no knowledge of the existence of the FCC Citation at the time it filed the Application. By this Settlement, SP Licenses states that it will fully meet its regulatory and legal obligations in California in the future. Subject to SP Licenses' ongoing compliance with this Agreement and all applicable laws, and Commission rules, regulations, decisions, and orders, SP Licenses and CPED acknowledge that all issues raised in CPED's protest of SP Licenses' application for a CPCN will have been fully resolved.

6. Payments. In order to resolve the legal issues raised by CPED in its Protest, SP Licenses will pay Six Thousand Dollars (\$6,000) to the State of California General Fund. SP Licenses will pay the amount within thirty (30) days after the calendar date of the Commission's approval of this Agreement. All payments shall be made payable to the California Public Utilities Commission and remitted to the Commission's Fiscal Office, 505 Van Ness Avenue, Room 3000, San Francisco, CA 94102. The check or money order shall indicate the decision number of the Commission decision number incorporating this settlement.

## **III. GENERAL PROVISIONS**

7. Scope and Effect of Agreement. This Agreement represents a full and final resolution of CPED's Protest, and the matters giving rise thereto. The parties understand that this Agreement is subject to approval by the Commission. As soon as practicable after the

Parties have signed the Agreement, a Motion for Commission Approval and Adoption of the Agreement will be filed. The Parties agree to support the Agreement, recommend that the Commission approve it in its entirety without change, and commit to use their best efforts to secure Commission approval of it in its entirety without modification. The Parties agree that, if the Commission fails to adopt the Agreement in its entirety without material change and issue the requested operating authority, the Parties shall convene a settlement conference within fifteen (15) days thereof to discuss whether the Parties can resolve any issues raised by the Commission's actions. If the Parties cannot mutually agree to resolve the issues raised by the Commission's actions, the Agreement shall be rescinded and the Parties shall be released from their obligation to support this Agreement. Thereafter, the Parties may pursue any action they deem appropriate, but agree to cooperate to establish a procedural schedule for the remainder of the proceeding and agree that neither this Agreement nor its terms shall be admissible in such proceeding unless the Parties agree.

8. Successors. This Agreement and all covenants set forth herein shall be binding upon and shall inure to the benefit of the respective Parties hereto, their successors, heirs, assigns, partners, representatives, executors, administrators, subsidiary companies, divisions, units, agents, attorneys, officers, and directors.

9. Knowing and Voluntary Execution. The Parties acknowledge each has read this Agreement, that each fully understands the rights, duties, and privileges created hereunder, and that each enters this Agreement freely and voluntarily.

10. Authority to Execute Agreement. The undersigned acknowledge and covenant that they have been duly authorized to execute this Agreement on behalf of their respective

principals and that such execution is made within the course and scope of their respective agency or employment.

11. Entire Agreement. The Parties expressly acknowledge that the consideration recited in this Agreement is the sole and only consideration of this Agreement, and that no representations, promises, or inducements have been made by the Parties or any director, officer, employee, or agent thereof other than as set forth expressly in this Agreement.

12. Choice of Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California and the rules, regulations, and General Orders of the California Public Utilities Commission.


13. Execution in Counterparts. This Agreement may be executed by any of the Parties in counterparts with the same effect as if all Parties had signed one and the same document. All such counterparts shall be deemed to be an original and shall together constitute one and the same Agreement. A signature transmitted by facsimile shall be regarded as an original signature.

14. Interpretation of the Agreement. The Parties have bargained in good faith to reach the agreement set forth herein. The Parties intend the Agreement to be interpreted as a unified, interrelated agreement. Both of the Parties have contributed to the preparation of this Agreement. Accordingly, the Parties agree that no provision of this Agreement shall be construed against either of them because a particular Party or its counsel drafted the provision.

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement.

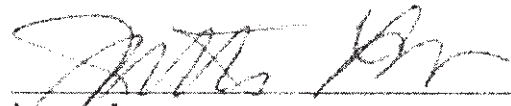
**SP LICENSES TELECOM, INC.**

Dated: 10/28/16

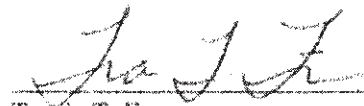
  
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**CONSUMER PROTECTION AND  
ENFORCEMENT DIVISION**

Dated: 10-28-16

  
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Dated: 10/28/16

  
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